

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2008-173-W - ORDER NO. 2008-697  
OCTOBER 3, 2008

IN RE: Application of Jacabb Utilities, LLC for	)	ORDER ESTABLISHING
Approval of an Establishment of Water Rates	)	RATES AND CHARGES
and Charges and Approval of Agreement for	)	AND GRANTING OTHER
Water Services with Pointe West,	)	RELIEF
Incorporated to Serve Highpointe	)	
Development in Oconee County	)	

**I. INTRODUCTION AND PROCEDURAL HISTORY**

This matter comes before the Public Service Commission of South Carolina (“Commission”) for the establishment of water rates and charges, approval of a service agreement, and on a settlement agreement (“Agreement”) filed between the South Carolina Office of Regulatory Staff (“ORS”) and Jacabb Utilities, LLC (“Jacabb,” “the Company,” or “the Applicant”), together referred to as the “Parties” or sometimes individually as “Party”.

This matter was initiated on April 23, 2008 when Jacabb filed an Application for approval of an establishment of rates and charges for water service provided to residential and commercial customers (“Application”) and for approval of an agreement for water services with Pointe West, Inc. (“Pointe West” or “Developer”) to serve Highpointe Development in Oconee County. See S.C. Code Ann. § 58-5-240 (Supp. 2007), 26 S.C. Code Ann. Regs. 103-712.4.B (2007), and 26 S.C. Code Ann. Regs. 103-743 (Supp. 2007).

By letter dated May 7, 2008, the Commission's Docketing Department instructed Jacabb to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by Jacabb's Application. The Notice of Filing described the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion in the proceedings as a party of record. In the same letter, the Commission also instructed Jacabb to notify directly, by U.S. Mail, each affected customer. Jacabb furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published in a newspaper of general circulation covering the area affected by Jacabb's Application. Jacabb also provided the Commission a letter in which Jacabb certified that it had complied with the instruction of the Commission's Docketing Department to mail a copy of the Notice of Filing to all affected customers by mailing a copy to the Developer of the area in which water services will be provided as there are currently no end-user water customers since this Application requests the establishment of water rates.

No Petitions to Intervene were filed in this case in response to the Notice of Filing. Pursuant to S.C. Code Ann. § 53-4-10(B) (Supp. 2007), ORS is a party of record in this proceeding. Further, ORS and Jacabb are the only parties of record in the above-captioned docket.

As a result of settlement negotiations between them, the parties have determined that their interests are best served by settling the issues in this matter under the terms and conditions set forth below. ORS stated in the Agreement that the settlement serves the

public interest, preserves the financial integrity of the Company and promotes economic development within the State of South Carolina. By signing the Agreement, all counsel acknowledged their respective clients' consent to its terms. The Agreement also provided that the parties viewed the terms of the Agreement to be just and reasonable.

## **II. DISCUSSION OF THE COMMISSION'S JURISDICTION**

By statute, the Commission is vested with power and jurisdiction to supervise and regulate the rates and service of every public utility in this State, together with the duty, after hearing, to ascertain and fix such just and reasonable standards, classifications, regulations, practices and measurements of service to be furnished, imposed, observed and followed by every public utility in this State. S.C. Code Ann. Section 58-5-210 (1976). Further, it is incumbent upon the Commission to approve rates which are just and reasonable, not only producing revenues and an operating margin within a reasonable range, but which also distribute fairly the revenue requirements, considering the price at which the company's service is rendered and the quality of that service. Seabrook Island Property Owners Association v. South Carolina Public Service Commission, 303 S.C. 493, 401 S.E. 2d 672 (1991).

Further, the Settlement Policies and Procedures of the Commission (Revised 6/13/2006) are pertinent to the matter before the Commission and consistent with its statutory duties. Section II of that document ("Consideration of Settlements") states:

When a settlement is presented to the Commission, the Commission will prescribe procedures appropriate to the nature of the settlement for the Commission's consideration of the settlement. For example, the Commission may summarily accept settlement of an

essentially private dispute that has no significant implications for regulatory law or policy or for other utilities or customers upon the written request of the affected parties. On the other hand, when the settlement presents issues of significant implication for other utilities, customers, or the public interest, the Commission will convene an evidentiary hearing to consider the reasonableness of the settlement and whether acceptance of the settlement is just, fair, and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy. Approval of such settlements shall be based upon substantial evidence in the record.

This case presents issues of significant implication for the utility and the public interest. As such, this Commission convened “an evidentiary hearing to consider the reasonableness of the settlement and whether acceptance of the settlement is just, fair, and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.”

### **III. DISCUSSION OF THE HEARING**

A public hearing was held before the Commission on August 19, 2008 at 10:30 a.m., at the Commission’s offices located at 101 Executive Center Drive, Columbia, South Carolina. The hearing was originally scheduled for September 4, 2008 at 10:30 a.m. and the Commission granted the parties’ request to hold the hearing at an earlier date. Jacobb was represented by James S. Eakes, Esquire. ORS was represented by Shannon Bowyer Hudson, Esquire.

At the hearing, the parties offered into the record the Agreement dated July 31, 2008 which is hereby adopted and made part of this Order by reference as Order Exhibit

1. The parties further introduced into the record and stipulated to the testimony of Jacobb witness Stephen R. Goldie. The parties also stipulated to and included in the record the settlement testimony of ORS witness M. Elizabeth Ford. Mr. Goldie and Ms. Ford appeared and answered questions from the Commission regarding the terms and conditions of the Agreement, and other rate and contractual matters. Four Hearing Exhibits were admitted into the record as follows: Hearing Exhibit 1 consisting of the Agreement, Composite Hearing Exhibit 2 consisting of Exhibits MEF 1 through 5 from the settlement testimony of Ms. Elizabeth Ford; Hearing Exhibit 3 consisting of Exhibit 1 to Mr. Stephen R. Goldie's testimony; and Hearing Exhibit 4 consisting of a late-filed exhibit showing proof of the current Seneca Light and Water pass-through rate ("the government pass-through rate").

The parties asserted before the Commission that the Agreement establishes a schedule of proposed water rates, terms and conditions that are just and reasonable to both the Company and its customers. The Agreement set forth operating revenues for Jacobb in the amount of \$31,409 which produced an operating margin of 8.66%. Company witness Goldie also asserted that the Seneca Light and Water master meter fee should be prorated among 333 units as if Highpointe Development were fully built and that it will further prorate the fee as any further units or customers are added.

The parties therefore agreed and stipulated to certain rates and charges and terms and conditions which we hereby approve as set forth in the attached Order Exhibit 2 as modified to require that the Commission receive 30 days notice of an increase in the

government pass-through rate, are just and reasonable.<sup>1</sup> Under the terms and conditions, the pass-through rate will be charged without markup. The tariff provision also requires notice of the change to the Company's customers.

During the hearing, a question arose about the Company's sewer service authorizations and related charges. ORS witness Ford committed to provide to the Commission a report on these areas. No such report has yet been provided.

#### **IV. FINDINGS AND CONCLUSIONS**

After review and consideration by this Commission of the Agreement, the evidence contained in the record of this case, the testimony of the witnesses, and the representations of counsel, the Commission concludes as a matter of law that the Agreement results in just and reasonable rates and fees for water agreed to by the Parties. Based on the operating revenues, operating expenses and operating income for return agreed upon by the parties, the resulting allowable operating margin for Jacabb is 8.66%. See S.C. Code Ann. § 58-5-240(H). We also conclude that the Company should be able to pass through the Seneca Light and Water master meter fee by prorating the fee among 333 units as if Highpointe Development were fully built, and that it will further prorate the fee as any further units or customers are added.

In addition, Jacabb requested approval of a contract ("the contract") with Pointe West to serve Highpointe Development ("Development") with water services. The Commission's authority to approve such contracts is found in 26 S.C. Code Ann. Regs. 103-743 (Supp. 2007), which states in part that no utility shall execute or enter into any

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<sup>1</sup> The parties agreed during the hearing to modify the terms and conditions set forth in the tariff, Exhibit MEF-4, to provide to the Commission 30 days notice of a change in the governmental pass through rate described in Section 2.C. of the tariff. Order Exhibit 2 reflects this modification.

agreement or contract with any corporation that would impact, pertain to, or affect said utility's fitness, willingness, or ability to provide water service, including but not limited to the treatment of said water, without first submitting said contract in form to the Commission and the ORS and obtaining approval of the Commission. ORS, per the Agreement, does not oppose the contract's approval. We find that the proposed Development to be served is within the existing service territory of Jacabb and that no other Commission regulated public utility is currently authorized to serve it. We further find that the public convenience and necessity will be served by approval of the contract between Jacabb and Pointe West to serve the Development. We therefore approve the application and contract as filed.

IT IS THEREFORE ORDERED THAT:

1. The Agreement attached hereto as Order Exhibit 1 is incorporated into and made a part of this Order by reference.
2. The proposed establishment water rates specified in Exhibit MEF-4 to Ms. Elizabeth Ford's settlement testimony have been entered into the record of this case without objection. We find that the schedule of rates and charges and terms and conditions, with the terms modified to require that the Commission receive 30 days notice of an increase in the government pass-through rate, attached hereto as Order Exhibit 2, is fair, just and reasonable and will allow the Company to continue to provide its customers with adequate water and sewer services.
3. The schedule of rates and charges attached hereto as Order Exhibit 2 is approved for service rendered on or after the date of this Order.

4. The Company may pass through the Seneca Light and Water master meter fee to Highpointe Development residents by prorating the fee among 333 units as if Highpointe Development were fully built and the Company shall further prorate the fee as any further units or customers are added.

5. An operating margin of 8.66% is approved for Jacabb.

6. The Company shall maintain its books and records in accordance with the National Association of Regulatory Utility Commissioners (“NARUC”) Systems of Accounts.

7. Jacabb shall file necessary financial information with ORS for annual reporting and/or gross receipts reporting and shall remit fees as are appropriate and on a timely basis;

8. Jacabb shall file a performance bond in the amount of \$100,000 for water services before operation begins.

9. The contract between Jacabb and Pointe West to serve the Development is approved as filed and the public convenience and necessity will be served by approval of the contract.

10. ORS witness Ford shall provide the report on Jacabb’s sewer service authorizations and related charges to this Commission no later than October 8, 2008.

11. This Order should not be construed as an approval of any sewer rates, pending receipt and analysis of the report from ORS, and any further action that may be considered necessary by this Commission.



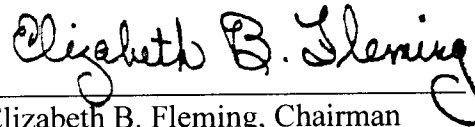
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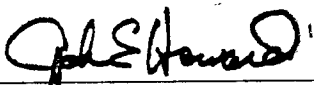
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Elizabeth B. Fleming, Chairman

ATTEST:



John E. Howard, Vice Chairman

(SEAL)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2008-173-W**  
**July 31, 2008**

Application of Jacabb Utilities, LLC for Approval )	
of an Establishment of Water Rates and Charges )	
and Approval of Agreement for Water Services )	
with Pointe West, Incorporated to Serve )	
Highpointe Development in Oconee County )	
_____ )	<b>SETTLEMENT AGREEMENT</b>

This Settlement Agreement is made by and between the South Carolina Office of Regulatory Staff ("ORS") and Jacabb Utilities, LLC ("Jacabb," "the Company," or "the Applicant") (together referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, the Company prepared and filed an Application on April 23, 2008 for approval of an establishment of rates and charges for water service provided to residential and commercial customers ("Amended Application") and for approval of an agreement for water services with Pointe West, Incorporated to serve Highpointe Development in Oconee County;

WHEREAS, the above-captioned proceeding has been established by the South Carolina Public Service Commission ("Commission") pursuant to the procedure established in S.C. Code Ann. § 58-5-240 (Supp. 2007) and 26 S.C. Code Ann. Regs. 103-712.4.B (2007);

WHEREAS, Jacabb seeks the approval for the establishment of water rates;

WHEREAS, Jacabb's first water customers will be the residents of Highpointe Development in Oconee County;

WHEREAS, Highpointe Development is being constructed and will consist of 333 multi-family units with occupancy expected to occur no earlier than August 2008;

WHEREAS, Jacabb possesses a certificate of public convenience and necessity granted on October 31, 2005 in Order No. 2005-617 to provide sewer services in the same area for which it now requests to provide water services;

WHEREAS, Jacabb's request to establish water rates does not require a determination of the entire rate structure and overall rate of return for Jacabb;

WHEREAS, ORS has examined the books and records of the Company relative to the matters raised in the Amended Application;

WHEREAS, the Parties have varying legal positions regarding the issues in this case;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of the issues would be in their best interests and in the case of ORS, in the public interest;

WHEREAS, following those discussions the Company has determined that its interests and ORS has determined that the public interest would be best served by stipulating to a comprehensive settlement of all issues pending in the above-captioned case under the terms and conditions set forth herein;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order on the merits of this proceeding, will result in rates and terms and conditions of water service which are adequate, just, reasonable,

nondiscriminatory, and supported by the evidence of record of this proceeding, and which will allow the Company the opportunity to obtain a reasonable operating margin.

1. The Parties stipulate and agree that the exhibits prepared by ORS and attached to the settlement testimony of Elizabeth Ford fairly and reasonably set forth the Company's revenue requirement and operating margin.

2. If a hearing is held in this matter, the Parties stipulate and agree to include in the hearing record of this case the direct testimony of Stephen R. Goldie and the settlement testimony of Elizabeth Ford, including all exhibits attached to said pre-filed testimonies without objection, change, or amendment.

3. The Parties stipulate and agree that the rate schedule, entitled Exhibit MEF-4 to the settlement testimony of Elizabeth Ford, containing the rates and charges and terms and conditions of service, is fair, just, and reasonable. The Parties further stipulate and agree that the rates contained in said rate schedule are reasonably designed to allow the Company to provide service to its water customers at rates and terms and conditions of service that are fair, just and reasonable and provides the opportunity to recover the revenue required to earn a fair operating margin.

4. In its Amended Application, the Company requested total operating revenues of \$216,970.32. As a compromise to their respective positions, the Parties stipulate and agree to total operating revenues of \$31,409. This difference is due to the removal of pass through water supply revenues erroneously included in Jacabb's \$216,970.32 revenue request.<sup>1</sup>

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<sup>1</sup> In addition, Jacabb's Amended Application labels revenues according to the following three categories: Phase I, Phase II, and Phase III. According to Steve Goldie's testimony on page 7, lines 17 - 20, Jacabb included Phase I and Phase II for illustrative purposes only.

5. Jacabb and ORS recognize the value of resolving this proceeding by settlement rather than by litigation and therefore stipulate and agree that an operating margin of 8.66% is just and reasonable.

6. The Parties acknowledge that rate case expenses are entirely excluded from this proceeding and the calculation of rates.<sup>2</sup>

7. The Parties further stipulate and agree that this Settlement Agreement conclusively demonstrates the following: (i) the operating margin of 8.66% and an ability to earn annual operating revenues of \$31,409 is fair, just, and reasonable when considered as a part of this Settlement Agreement in its entirety; and (ii) Jacabb's rates as set forth in the settlement testimony of Elizabeth Ford in Exhibit MEF-2 and MEF-4 are fairly designed to equitably and reasonably recover the revenue requirement and are just and reasonable and should be adopted by the Commission for service rendered by the Company on and after the date approved by the Commission via Commission Order.

8. The Company agrees to file with the Commission a performance bond for water service in the amount of \$100,000 before operation begins.

9. As required by the Commission, the Company provided the developer a copy of the Notice of Filing containing the proposed rates and published the Notice of Filing in the Daily Journal and Daily Messenger circulated in Oconee and Pickens Counties in South Carolina.

10. Jacabb agrees not to charge for any water services until an Order is issued by the Commission allowing for such charges.

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<sup>2</sup> The rate case expenses are being paid by the developer of the Highpointe Development in Oconee County pursuant to a contract between the developer and Jacabb.

11. The Company agrees to utilize the tariff set forth in Exhibit MEF-4 to the settlement testimony of Elizabeth Ford. Exhibit MEF-4 does not increase rates from those set forth in the Amended Application, but more clearly sets forth and describes the rates for customers.

12. The Company agrees to maintain its books and records in accordance with the National Association of Regulatory Utility Commissioners ("NARUC") Uniform Systems of Accounts.

13. The Parties agree that Jacabb may pass to customers, without markup, any rate increases it incurs pursuant to its water supply contract with Seneca Light and Water ("the pass through") or Seneca Light and Water's successor. Jacabb shall provide the Commission satisfactory proof of the basis for the adjustment and provide notice to customers of any increases in the pass through.

14. Notwithstanding paragraph 13 above, Jacabb agrees to pass through the Seneca Light and Water master meter fee by prorating the fee among 333 units as if Highpointe Development were fully built and will further prorate the fee as any further units or customers are added.

15. The Company agrees to file necessary financial information with ORS for annual reporting and/or gross receipts reporting and to remit fees as appropriate and on a timely basis.

16. ORS does not oppose Jacabb's request for approval of the agreement for water services with Pointe West, Inc. to serve Highpointe Development in Oconee County. The agreement is attached as Exhibit B to the Amended Application.

17. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the agreement reached between the Parties serves the public interest as defined above. The terms of this Settlement Agreement balance the concerns of the using public while preserving the financial integrity of the Company. ORS also believes the Settlement Agreement promotes economic development within the State of South Carolina. The Parties stipulate and agree to these findings.

18. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

19. The Parties agree not to introduce or use this Settlement Agreement to constrain, inhibit, impair, or prejudice the other party in other proceedings. If the Commission should

decline to approve the agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty or obligation.

20. This Settlement Agreement shall be interpreted according to South Carolina law.

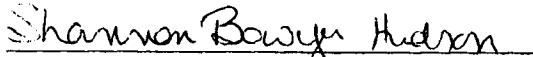
21. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGES TO FOLLOW]



WE AGREE:

**Representing the South Carolina Office of Regulatory Staff**



Shannon Bowyer Hudson, Esquire

**South Carolina Office of Regulatory Staff**

1441 Main Street, Suite 300

Columbia, SC 29201

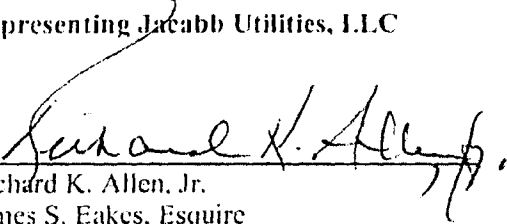
Phone: (803) 737-0889

Fax: (803) 737-0895

E-mail: [shudson@regstaff.sc.gov](mailto:shudson@regstaff.sc.gov)

WE AGREE:

Representing Jacobb Utilities, LLC

  
Richard K. Allen, Jr.

James S. Eakes, Esquire

Allen and Eakes

P.O. Box 1405

Anderson, SC 29622

Phone: (864) 224-1681

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JACABB UTILITIES, LLC  
PROPOSED SCHEDULE OF RATES AND CHARGES

1. Water Supply

Where water is supplied by the Company and distributed the following rates apply:

A. Residential

- I. Basic Facilities Charge (BFC) per single family house, condominium, mobile home or apartment unit: \$ 7.86 per unit \*
- II. Commodity Charge: \$ 3.00 per 1,000 gallons or 134 cft.

\* Residential customers with meters of 1" or larger will be charged commercial rate.

B. Commercial

- I. Basic Facilities Charge by meter size:
  - 1" meter \$ 16.93
  - 1.5" meter \$ 31.24
  - 2" meter \$ 48.17
  - 3" meter \$ 95.33
- II. Commodity Charge: \$ 3.00 per 1,000 gallons or 134 cft.

2. Water Distribution

Where water is purchased from a government body or agency or other entity for distribution and resale by the Company, the following rates apply:

A. Residential

- I. Basic Facilities Charge (BFC) per single family house, condominium, mobile home or apartment unit: \$ 7.86 per unit \*

\* Residential customers with meters of 1" or larger will be charged commercial rate.

B. Commercial

- II. Basic Facilities Charge by meter size:
  - 1" meter \$ 16.93
  - 1.5" meter \$ 31.24
  - 2" meter \$ 48.17
  - 3" meter \$ 95.33

- C. Any charges imposed or charged by any government body or agency, or other entity providing the water supply will be charged to the Utility's affected customers on a pro rata basis without markup. The Utility shall limit the amount of non-account water charged to customers not to exceed 10% of total water purchased from the governmental body or agency, or other entity. Where the Utility is required by regulatory authority with jurisdiction over the Utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will also be charged to the Utility's affected customers on a pro rata basis, without markup. In the event that a rate increase of purchased water occurs, the Utility shall provide thirty days notice in the form of written documentation to the Commission. The notice shall include written justification from the government body or agency, or other entity providing the water supply documenting the increase amount to be passed-through to affected customers. The Utility will also be required to provide written notice of such an increase to its affected customers.

Commercial customers are those not included in the residential category above and include, but are not limited to hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant or the Home Owners Association in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

### 3. Nonrecurring Charges

Tap Fees	\$500.00 per SFE**
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\* \*\*A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities - 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp 2007), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee. For water service to customers not described in R. 61-67, such as irrigation service, the tap fees shall be the same as those for one(1) SFE.

### 4. Account Set-up and Reconnection Charges

- A. Customer Account Charge - for new customers only.

All areas	\$25.00
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- B. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty-five (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

## **5. Billing Cycle**

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

## **6. Extension of Utility Service Lines and Mains**

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service, unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

## **7. Cross Connection Inspection Fee**

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2 (Supp. 2007), as may be amended from time to time. Such a customer shall annually have such cross connections inspected at the customer's expense by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.8 (Supp. 2007), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customers' next bill.